



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

DRAFT 2011-2012 Work Plan: Potential Projects

Agriculture

1. Agricultural Research and Extension Services

This proposed evaluation will explore potential strategies to optimize agricultural services provided by the land-grant universities and the Department of Agriculture and Consumer Services. Together, 100 county Cooperative Extension Services, 18 agricultural research stations, the NC A&T University Farm, and 8 university field laboratories provide research and/or extension services. Other states, such as Nebraska, Virginia, and Wyoming have regionalized or otherwise restructured services to save costs. The total budget for entities that provide services to North Carolina farmers is approximately \$52.1 million.

Biotechnology

2. North Carolina Biotechnology Center (2011 Legislator Survey)

This proposed evaluation will examine operations of the Biotechnology Center and calculate the state's return on investment. The Biotechnology Center supports research, business, education, and strategic policy across the state. It was created by the state in 1984 to capitalize on the economic promise of the biotechnology industry. The center, which is a private, non-profit organization funded by the General Assembly, received \$19.5 million in state funds in Fiscal Year 2010-11.

Cultural Resources

3. Preservation of Cultural Resources in North Carolina (2011 Legislator Survey)

This proposed evaluation will examine the efficiency and effectiveness of the Department of Cultural Resources in meeting its mission and goals for the preservation of historical and cultural assets in North Carolina and determine if agency activities are in line with best practices used in other states. Almost 90% of the department's \$80.5 million FY 2010-11 operating budget comes from state appropriations.

4. Promotion of Cultural Resources in North Carolina (2011 Legislator Survey)

This proposed evaluation will examine the cost effectiveness of the Department of Cultural Resources' efforts to promote North Carolina's cultural resources, including grant-making to libraries and cultural organizations. Almost 30% of the department's \$80.5 million FY 2010-11 operating budget is allocated to support these grants.

Education

5. K-12 Pilot Program Accountability and Assessment (Deferred 2009-10 Work Plan Project)

This proposed evaluation will examine whether pilot programs in public K-12 education have stated goals, measurable outcomes, and data to reflect success.

6. Child Nutrition Program (Required by Session Law 2010-115)

This required evaluation will examine the Child Nutrition Program operated by local educational agencies. The legislation specifies that the Program Evaluation Division will examine

- guidelines for assessing direct and indirect operating costs to programs in local school administrative units, including rent, costs assessed on a square footage basis, maintenance, utilities, and any other costs charged or allocated to food services;
- discrepancies in how local school administrative units calculate and report indirect costs for programs, the impact of these discrepancies, and whether local school administrative units are charging these indirect costs to incorrect budget items;
- federal guidelines on minimum fund balances for programs and whether all programs in local school administrative units are in compliance with these guidelines;
- practices in other states regarding the operation of child nutrition programs, including procedures for assessment of indirect costs and guidelines for fund balances; and
- funding requirements necessary for elementary, middle, and high schools to implement the nutrition standards implemented by S.L. 2005-457, as amended by Section 7.36A of S.L. 2007-323 and Section 7.25 of S.L. 2008-107.

7. Department of Public Instruction Operations (2011 Legislator Survey)

This proposed evaluation will examine the effectiveness and efficiency of the Department of Public Instruction's management and operations including business and finance functions; technology services; curriculum, instruction, and accountability services; and academic services and instructional support. The department has 750 employees and oversees the expenditure of over \$7 billion for public education.

8. UNC-TV

This proposed evaluation will examine the efficiency and effectiveness of UNC-TV's management, funding, and operation including reviewing how other states are involved in public broadcasting. As part of the University of North Carolina system, UNC-TV is ultimately responsible to the University's Board of Governors, which owns UNC-TV's licenses to broadcast granted by the Federal Communications Commission. UNC-TV expended \$24 million in Fiscal Year 2009-10 and received \$12 million in state appropriations.

Environment and Natural Resources

9. Environmental Permitting (Deferred 2009-10 Work Plan Project)

This proposed evaluation will examine the efficiency and effectiveness of the Department of Environment and Natural Resources' permitting system, focusing on the One-Stop Coordinated and Express Review permitting programs.

10. Ecosystem Enhancement Program (Deferred 2009-10 Work Plan Project)

This proposed evaluation will examine the efficiency of North Carolina's Department of Environment and Natural Resources' Ecosystem Enhancement Program (EPP), focusing on funding, staffing, and management. EEP provides compensatory mitigation for environmental impacts associated with road construction, development and other projects permitted or authorized by the US Army Corps of Engineers. EEP receives payments from regulated parties who are required to provide compensatory mitigation and EEP assumes the obligation to perform the required mitigation in the form of wetlands restoration.

11. Marine Fisheries Law Enforcement

This proposed evaluation will examine whether North Carolina should participate in the federal National Oceanic and Atmospheric Administration (NOAA) Office of Law Enforcement's Cooperative Enforcement Program to protect marine resources. Currently, 27 of the 28 coastal states and territories have entered into cooperative enforcement agreements with NOAA for this purpose: North Carolina is the only coastal state that does not participate. The Division of Marine Fisheries Law Enforcement has a budgetary requirement of \$7.1 million (FY 2010-11), \$2.5 million of which is offset by receipts. The Division of Marine Fisheries could receive up to \$900,000 annually from the federal government for existing and additional enforcement objectives.

12. State Park Operations

This proposed evaluation will examine efficiency and effectiveness of the Department of Environment and Natural Resources state park system. During a two-year time period (FY 2005-06 to FY 2006-07), the state park system grew by more than 6,500 acres even as the number of annual visitors declined by more than 500,000. Potential efficiencies resulting from reducing park acreage, adopting abbreviated operating hours, outsourcing activities, and generating receipts will be examined. The total budgetary requirements of North Carolina state parks in Fiscal Year 2010-11 were \$40.1million.

Golden L.E.A.F. (Long-term Economic Advancement Foundation) Foundation, Inc.

13. Golden L.E.A.F Foundation Grant-making Process (2011 Legislator Survey)

This proposed evaluation will examine the effectiveness of the Golden LEAF Foundation's grant-making process including the criteria used to determine grant awards, the monitoring process for grantees, and the evaluation of outcomes resulting from the grants. The evaluation will also compare the Golden LEAF Foundation grant-making process to best practices used by other foundations. Through May 2010, Golden LEAF has received \$867,318,889 from North Carolina's share of the tobacco settlement. Golden LEAF has awarded 1,042 grants totaling more than \$484 million to nonprofit organizations and government entities throughout North Carolina.

Health and Human Services

14. Medicaid Rate Setting (Deferred 2009-10 Work Plan Project)

This proposed evaluation will examine the processes used by the Division of Medical Assistance to set and modify Medicaid rates and the associations between Medicaid rates and service availability.

15. Community Care of North Carolina

Two proposed evaluations will examine funding and oversight of Community Care of North Carolina. Community Care is a nationally recognized model for building community health networks to achieve long-term quality, cost, access, and utilization objectives in the management of care for Medicaid recipients.

15.1 Program Funding

Funding for Community Care of North Carolina consisted of \$105 million from all sources in Fiscal Year 2010-11. This project would provide an independent review of funding for Medicaid's major cost-saving initiative.

15.2 Program Oversight

The Department of Health and Human Services is responsible for program oversight. This project would provide an independent review of oversight of Medicaid's major cost-saving initiative.

16. Funding and Administration of Early Care and Education Programs

This proposed evaluation will examine funding and administration of early care and education programs in North Carolina. It will include the development of consolidation options that could reduce costs and increase program efficiency and effectiveness. Currently, nine different early care and education programs are split between two state agencies—the Department of Public Instruction and the Department of Health and Human Services. In Fiscal Year 2009-10, these programs expended \$1.1 billion for early care and education services for children ages birth to five, program regulation and oversight, and administration.

17. Prior Authorization and Utilization Review of Medicaid Behavioral Health and Substance Abuse Services

This proposed evaluation will examine the effectiveness and efficiency of prior authorization and utilization review of behavioral health and substance abuse services provided under the Medicaid program. Currently, most prior authorization and utilization review activities are provided through a contract with Value Options.

18. Fraud Detection and Prevention for Public Assistance Programs (2011 Legislator Survey)

This proposed evaluation will examine Department of Social Services oversight of counties' efforts to prevent and detect recipient fraud in the Food and Nutrition program, North Carolina's Temporary Aid to Needy Families program known as Work First, and Medicaid. Evaluations of these programs in other states have found early fraud detection efforts are more cost effective than ongoing investigations of fraud.

Justice

19. Feasibility of Separation of District Attorney Activities from the Administrative Office of the Courts

This proposed evaluation will determine if separating district attorney administration from the Office of the Courts could be cost effective.

20. Relative Cost Effectiveness of a Public Defender System versus Indigent Fee Counsel

This proposed evaluation will compare the cost of public defender offices with the cost of paying private counsel an hourly fee. If a defendant cannot afford an attorney and is accused of a crime that would result in a jail sentence or suspended sentence, the defendant is eligible for the services of a lawyer at state expense. Sixteen districts in the state encompassing 26 counties have public defender offices with full-time, state-paid attorneys. In counties without public defender offices, local private attorneys are appointed to represent defendants and are paid an hourly fee. The Office of Indigent Defense Services sets statewide rates for court-appointed counsel, which ranges from \$75 to \$95 an hour depending on the type of case and the type of work performed.

21. Youth Development Centers

This proposed evaluation will examine the utilization of youth development centers in the Department of Juvenile Justice and Delinquency Prevention. Youth development centers provide adjudicated youth with education, treatment, and rehabilitative services in a secure environment. A minimum stay of six months is required; the average stay in 2008-09 was 365 days at a daily cost of \$263. An increased emphasis on community treatment models together with declining rates of delinquency and juvenile commitment have contributed to decreased demand: the rate of youth commitments fell from 975 in 2000 to 365 in 2009. The project will examine utilization and consider whether facilities could be more fully utilized or eliminated.

22. Youth Detention Centers

This proposed evaluation will examine the utilization of youth detention centers in the Department of Juvenile Justice and Delinquency Prevention. Youth detention centers provide temporary placement for youth alleged to have committed serious offenses (such as a felony if committed by an adult) who are awaiting trial, a community placement, or commitment to a youth development center; the average stay is 11 days at a daily cost of \$178. The project will examine utilization and consider whether facilities could be more fully utilized or eliminated.

23. Feasibility of Releasing Non-Violent Inmates (2011 Legislator Survey)

This proposed evaluation will examine other state's recent efforts for releasing inmates convicted of non-violent offenses. Factors such as behavior during incarceration and characteristics consistent with a low probability of recidivism (e.g., inmate age) will be examined to determine the feasibility of early release in North Carolina. This examination will include estimates for potential probation supervision options and prison cost savings.

24. Follow-up of the Program Evaluation Division's Report on Court Technology (2011 Legislator Survey)

This evaluation will present the current status of information technology projects described in the December 2008 Program Evaluation Division report, "Project Management Lapses and Planning Failures Delayed Court Technology Improvements." A cost analysis will include total investment in technology projects to date and a comparison of costs for technology staff in other departments.

Technology

25. Coordination of the North Carolina Research and Education Network and State Computer Networks (Required by Session Law 2009-451, Section 6.13(b))

Legislation requires the Program Evaluation Division and the Fiscal Research Division to provide guidance to the Office of Information Technology Services and the Office of State Budget and Management, in conjunction with the Microelectronics Center of North Carolina (MCNC), as these offices conduct a study to determine the feasibility of coordinating the operation of the state network infrastructure. This study is on hold until after the Office of Information Technology Services completes the IT Infrastructure Study and Assessment and may be postponed indefinitely.

26. Cellular Telephones

This proposed evaluation will assess the efficiency of use and assignment of state agency cell phones. As of December 2010, state agencies had over 15,000 cell phone lines at an approximate annual cost of over \$7 million.

27. Information Technology Services Reform

This proposed evaluation will assess the implementation of S.L. 2004-129 (\$991) that created an IT management and oversight structure including the Office of State Information Technology Services. The aim was to improve planning and project development, to reduce cost overruns, assist agencies, and increase accountability. Total state agency IT expenditures for Fiscal Year 2009-10 were \$1.1 billion in addition to \$189.9 million spent for the ITS agency.

Transportation

28. Motor Vehicle Registration and License Plate Services (Deferred 2009-10 Work Plan Project and 2011 Legislator Survey)

This proposed evaluation will assess the effectiveness and efficiency of the current system for delivering motor vehicle registration and license plate services through private vendors including the process for awarding contracts to private vendors, state oversight of vendors, customer service satisfaction and complaints, and service fees. Motor vehicle registration and license plate services are provided by private vendors under the oversight of the Division of Motor Vehicles in the Department of Transportation.

29. Driver Licensing Services (2011 Legislator Survey)

This proposed evaluation will assess the effectiveness and efficiency of the current system for providing driver licensing services including operations, management, service fees, and customer satisfaction. Driver's licensing services are provided by the Division of Motor Vehicles in the Department of Transportation. The Highway Fund expended \$44 million in Fiscal Year 2009-10 for these services.

30. State Motor Fleet

S158, which was introduced on March 2, 2011 and referred to the Senate Program Evaluation Committee, authorizes the Joint Legislative Program Evaluation Committee to direct the Program Evaluation Division to study the Motor Fleet Management Division of the Department of Administration to develop operational plans or practices that would result in increased operating efficiency. The bill would allow the committee to determine timing of the project. This proposed evaluation will consist of a series of studies addressing specific aspects of fleet management.

30.1 Relative Cost Effectiveness of State Employee Vehicle Transportation

This proposed evaluation will examine alternative motor vehicle transport for state employees. Currently, state employees must use a vehicle assigned permanently or temporarily by the Motor Fleet Management Division or, if a vehicle is unavailable, receive reimbursement for use of the employee's own vehicle. The review will consider cost and benefits of the current system compared to other methods used by large public and private organizations including motor pool, private vehicle reimbursement, or outsourcing to private rental car vendors.

30.2 Assignment and Use of Permanently Assigned State Vehicles

This proposed evaluation will review policies related to and use of motor vehicles assigned to state employees. Of the 8,214 vehicles operated through the Motor Fleet Management Division, the division has assigned 7,938 indefinitely to state agency employees. This number does not include vehicles assigned to local governments, state universities, or law enforcement. The study will review assignment criteria and determine whether employees are using assigned vehicles in a cost-effective manner.

30.3 Cost and Benefit of Electronic Tracking of State Vehicles

This proposed evaluation will determine whether electronic GPS tracking systems could provide a means of discouraging unauthorized use or abuse of state vehicles and provide more accurate information for vehicle management and security.

30.4 Purchasing of State Vehicles

This proposed evaluation will determine whether current motor fleet purchasing and fleet rotation laws, regulations, and policies assure the most cost-effective type of state vehicles (for example, imported or alternative-energy vehicles) is available for use by state employees.

30.5 Management of the Motor Fleet Internal Service Fund

This proposed evaluation will determine if the fees charged to state agencies for the use of state vehicles provide for cost recovery, replacement reserves, and working capital. The review will examine cash flows and accumulation of fund balances, which have increased substantially in recent years suggesting potential overcharging of state agencies. As of June 30, 2010, the fund had an unrestricted cash balance of \$46.8 million, a net increase of 22% over the 2009 balance after a transfer of \$20 million out of the fund.

30.6 Motor Fueling Stations

This proposed evaluation assesses potential efficiencies associated with restructuring how motor fuel is provided for state vehicles. The Department of Transportation, the State Highway Patrol, and the Department of Administration's Motor Fleet Management Division sell fuel to other agencies and operate fueling stations; the University of North Carolina system also operates

fueling stations. A 2010 Office of State Budget and Management report on fueling sites identified issues with site and cost redundancies, operations, and the failure to include long-term compliance costs to meet EPA regulations in operational forecasts. Restructuring by consolidating, regionalizing, or outsourcing could address these issues and reduce costs.

31. Vehicle Safety and Emission Inspection

This evaluation is directed by H217 (filed March 2, 2011). The proposed legislation requires the Joint Legislative Program Evaluation Oversight Committee to direct the Program Evaluation Division to study the Department of Transportation's Division of Motor Vehicles safety and emissions inspection program to determine if: a) the requirement for a licensed dealer to inspect all salvaged vehicles that are inoperable and incapable of being made operable before they can be sold should be eliminated; or b) if the requirement should be extended to salvaged vehicles that are inoperable and incapable of being made operable, which are sold by insurance companies that are acting as brokers, which are not subject to the same strict requirements as a licensed dealer. The bill allows the committee to determine the timing of the study.

Multiple Program Domains

32. Workforce Development Programs (Deferred 2009-10 Work Plan Project)

This proposed evaluation will review workforce development programs for adult workers and recommend strategies to make the workforce system more effective and efficient.

33. Government Facilities: Energy Conservation and Costs (Deferred 2009-10 Work Plan Project)

This proposed evaluation will examine current conservation practices in the operation of state government facilities and explore ways to increase savings.

34. Chapter 150B Contested Cases

This proposed evaluation will consist of a series of studies that examine decisions rendered by administrative law judges that are overturned as a final agency decision. The studies will examine the nature of the cases, basis for reversals, number of cases appealed to Superior Court, and results of those appeals. State policy directs any dispute between an agency and another person should be settled through informal procedures. If a resolution is not reached, either party may commence an administrative proceeding, at which time the dispute becomes a Chapter 150B contested case.

This project will consist of a series of studies that examine different types of Chapter 150B contested cases.

- 34.1 Health and Human Services cases**
- 34.2 Environment and Natural Resources cases**
- 34.3 Child support cases**
- 34.4 Personnel cases**
- 34.5 Special education cases**

34.6 Tax cases

35. Privatization Potential of State Government Programs

This proposed evaluation will develop a process for identifying and evaluating feasible opportunities for privatizing state government programs and identify government activities that may be appropriate for privatization. A process for assessing privatization opportunities is needed because privatization has the potential to reduce the cost of state government programs.

36. Ratio of Employees to Supervisors in Executive Agencies

This proposed evaluation will develop a measure based on the ratio of employees to supervisors, or span of control, to determine the efficiency of state agency management. This multi-agency evaluation could lead to recommended ratios that reduce costs by reducing the number of managers. For example, the 2010 Iowa Legislature required a supervisor to employee ratio of 1:14 for Fiscal Year 2011 with a projected \$15.5 million in general revenue salary savings and \$24.1 million in other funds.

37. State Retirement Systems in North Carolina and Other States

This proposed evaluation will compare North Carolina's state retirement system to national standards and to other state retirement systems. The North Carolina Retirement Systems is the 10th-largest public pension fund nationally, providing retirement benefits for more than 820,000 North Carolinians. The state uses an expected investment return rate of 7.25 percent, which is more conservative than the average 8 percent rate that many other state and local governments use.

38. Video Lottery Entertainment Act

This evaluation is directed by H228/S209 (filed March 3, 2011). The proposed legislation authorizes video lottery games for the purpose of profit sharing with the State of North Carolina. The proposed legislation requires the Joint Legislative Program Evaluation Oversight Committee to include in the 2001-12 Work Plan for the Program Evaluation Division a study to evaluate the State's video lottery system to determine if any cost savings can be effected by changing the operator of the system from the State Lottery Commission to a private vendor. This proposed evaluation is contingent on the enactment the Video Lottery Entertainment Act.

39. Inventory of Poverty Programs

The Joint Legislative Study Commission on Poverty Reduction and Economic Recovery requested in June 2010 that the Joint Legislative Program Evaluation Oversight Committee include in the 2011-2012 Work Plan for the Program Evaluation Division an inventory of existing programs with the primary purpose of alleviating or reducing the condition of poverty among individuals, families, and communities in North Carolina. The proposed inventory will identify programs funded by North Carolina state government, including their sources of funding; and determine whether the programs have clear goals, indicators, or benchmarks to measure program success.

40. Effect of State Regulations on Small Business (2011 Legislator Survey)

This proposed evaluation will examine state practices in reviewing and implementing regulations that affect small businesses in North Carolina. Best practices in regulatory flexibility suggest that state agencies should: 1) establish a small business definition that is consistent with state practices and

permitting authorities; 2) perform an economic impact analysis on the effect of a rule on small businesses before they regulate; 3) consider alternatives for small businesses that are less burdensome while meeting the agency's regulatory goals; and 4) review existing regulations periodically.

41. State Management of Leased Property (2011 Legislator Survey)

This proposed evaluation will examine the effectiveness and efficiency of the management and oversight of real property that is leased by state agencies and the university system including the processes and procedures for acquiring and managing leased property. Leased property is managed by the State Property Office in the Division of Administration. Preliminary estimates by the Research Division suggest that leased property costs the state \$75 million.

42. North Carolina Accountability Report

The Program Evaluation Division's North Carolina Accountability Report (NCAR) is a method of assessing programs that differs from the single, self-contained evaluations usually done by the Program Evaluation Division. Whereas program evaluation reports typically include findings and recommendations, NCAR provides a management review that indicates whether a program is performing or not but does not offer recommendations. NCAR ratings are similar to the bond rating process used by entities such as Standard & Poors. Modeled after the U.S. Office of Management and Budget's ExpectMore.gov system, the NCAR rating system relies on a collaborative process between state program managers and the assessment team.

To date, eight reviews have been completed or are underway.

Department of Public Instruction

Driver Education in Public Schools (complete)

Department of Transportation

Highway Maintenance Program (complete)

Highway Construction Program (underway)

Administrative Functions (underway)

Department of Administration

Human Relations Commission (underway)

Youth Advocacy and Involvement Office (underway)

Non-Public Education (underway)

Non-Profit Organization

Connect Inc. (underway)

Future NCAR reviews could be conducted on programs the General Assembly is interested in having rated.